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Nicaragua: Domestic and Foreign Policy Trends (U)

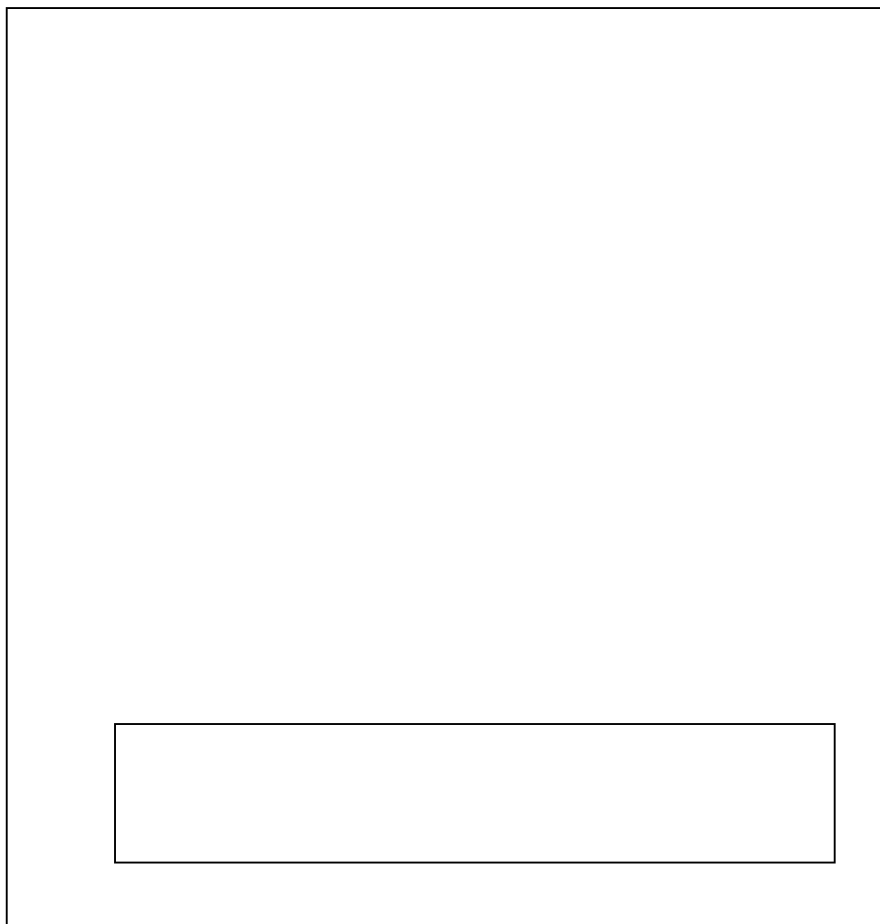
Special Interagency Intelligence Memorandum

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NICARAGUA: DOMESTIC AND
FOREIGN POLICY TRENDS (U)

Information available as of [] was used
in the preparation of this Memorandum, approved for
publication on that date by the Chairman of the
National Foreign Intelligence Council.

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KEY JUDGMENTS

Nicaragua's Sandinista leaders are beleaguered by the most acute problems they have faced to date, but recent developments have enhanced their chances of consolidating power.

With extensive support, the anti-Sandinista armed opposition has become an effective military force and has waged an increasingly successful and widespread campaign of attacks, ambushes, and sabotage. Moreover, the impact of the war combined with the Sandinistas' internal mismanagement kept the economy on a bare survival footing last year. Despite continued massive Soviet Bloc economic assistance equivalent to one-fourth the country's gross domestic product, per capita GDP fell by more than 5 percent in 1987, real income losses reduced the average Nicaraguan's purchasing power to less than half its 1977 level, and inflation soared to 13,000 percent in the last quarter.

The cutoff of US military assistance, however, has dealt the insurgency a serious blow. Its continued viability hinges on the uncertain support of Honduras. Even assuming continued Honduran cooperation, without renewed lethal deliveries, we estimate the number of effective combatants inside Nicaragua would drop to perhaps 5,000 to 6,000 in the next several months. Operations would become more defensive and more geographically limited. The southern and Atlantic fronts would probably cease to exist. Renewed humanitarian assistance would affect the pace, but probably not the ultimate level of decline.

For their part, the Sandinistas will step up efforts to destroy or expel the insurgents and to interdict overland resupply. The Sandinistas are constrained to some extent by their continuing fear of a US invasion and hindered by morale, discipline, and desertion problems. Nonetheless, small-scale Sandinista cross-border operations will probably increase, although they most likely will stop short of major actions unless the Resistance masses men and supplies so as to offer more lucrative and accessible targets than in the past.

At the same time, while some elements of the domestic opposition may continue to look for opportunities to test the limits of regime tolerance, there is little likelihood that opponents can generate large-scale demonstrations or force the regime to implement political reforms beyond those required to assure a continued shutoff of US lethal aid. The Sandinistas control the National Assembly, and their effective

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security apparatus neutralizes and intimidates dissidents. Thus, opposition elements will be more inclined to creeping accommodation with the government, especially if the insurgency no longer challenges the Sandinistas militarily. Managua is eager to appear in full compliance with the Peace Accord and will rely on informal mechanisms—semiofficial mobs and actions against low-echelon opposition figures—to maintain its grip.

On the diplomatic front, we see little shift in Sandinista near-term strategy. The Sandinistas will pursue cease-fire negotiations while holding to demands that will put the insurgents at a strong disadvantage, and continue to push for bilateral talks with Washington. The four Central American democracies—most of which face growing domestic difficulties in complying with the Peace Plan—are unlikely, however, to develop a unified strategy to put the Sandinistas on the defensive. If the United States extends humanitarian aid the Sandinistas would see it as an effort to continue the insurgency, and they might suspend talks with the insurgents but not roll back internal political reforms.

DISCUSSION

Introduction

1. We believe that, although Nicaragua's Sandinista leaders are beleaguered by the most acute internal security and economic problems they have faced since winning power in 1979, developments in recent months have considerably enhanced their chances of consolidating Marxist-Leninist rule. Their improved prospects result not only from the recent denial of continued US military assistance to the antigovernment insurgents, but also from their success in skillfully pursuing more flexible policies in dealing with their domestic opposition, the leaders of the other Central American nations, and international pressures and opinions. []

2. Since the Presidents of Nicaragua, El Salvador, Honduras, Guatemala, and Costa Rica met in Guatemala last August, the Nicaraguan Government has made several symbolic and conditional concessions in order to appear in compliance with the regional peace process that was given impetus at that time. They ended a protracted state of emergency, suspended the prison terms of hundreds of their opponents, allowed the major opposition newspaper *La Prensa* to begin publishing again, abolished the feared revolutionary tribunals, and—after repeated delays and machinations—entered into direct talks with representatives of the insurgency. []

3. Although none of these or other moves the Sandinistas have taken since the Esquipulas II meeting—and the summit in San Jose, Costa Rica, in January—have reduced the government's monopoly of power, they have lent credibility to a growing international perception that Nicaragua is willing to make important concessions conducive to internal pluralism and amicable coexistence with its neighbors. We believe, however, that President Daniel Ortega; his brother, Defense Minister Humberto Ortega; Minister of Interior Tomas Borge; and other top Sandinista leaders continue to share a fervid commitment to Marxist-Leninist doctrines and goals in their domestic and foreign policies. []

4. For the moment, the Sandinistas' armed adversaries and other domestic opponents have been dis-

couraged by recent developments. In particular, doubts about the long-term viability of the insurgents will almost certainly increase and result in reduced popular support for their cause, as well as substantial erosion in the size and effectiveness of their forces. In addition, leaders of already fractious civilian opposition parties and groups—although somewhat emboldened by the greater freedom of assembly and expression they have been allowed in recent months—remain pessimistic about their prospects. Most no doubt fear that, if the insurgency collapses, the Sandinistas will be invulnerable to other sources of domestic pressures. []

5. We believe, furthermore, that other Central American leaders and democratic institutions—particularly in Honduras and El Salvador—have also been made more vulnerable because of recent developments. Doubts about the reliability of US policy and commitments have mounted, especially in Honduras, and leaders and elites throughout Central America are probably reevaluating their own priorities. In addition, the regional peace process has given impetus to greater political uncertainties—particularly in El Salvador—as radical opposition leaders and forces have become more directly involved in overt political activity. []

6. Guerrillas and radicals in Central America—particularly in El Salvador—have long been the recipients of clandestine Sandinista support, and information from various sources suggests that, despite Managua's pledge to terminate aid, it continues in various forms. We believe that, despite commitments they have made in the regional Peace Accords, the Sandinista leaders remain united in their long-term commitment to revolutionary internationalism, and that in the foreseeable future they will be unlikely to terminate their assistance to and collaboration with leading regional insurgents and radicals. []

7. The Azcona government and military commanders in Honduras will also be confronted by tough problems—and choices—over the next several weeks. Leaders in Tegucigalpa have long considered their support for the Nicaraguan insurgents a potentially grave liability, and they will now have to decide how to balance the commitments they have made in the

peace process with their antipathy toward the Sandinistas and their more than six-year-old commitment to providing sanctuary and other crucial backing to the insurgents. ☐

8. Over the short term, the following key variables will be important determinants of how US interests are affected:

- US initiatives and capabilities to provide assistance to the Nicaraguan insurgents.
- Honduran willingness to continue to provide sanctuary and support to the insurgents.
- Sandinista performance in dealing with Nicaragua's severe economic problems and the more vocal and better organized expressions of opposition to the government. ☐

The Insurgency

9. With extensive support, the anti-Sandinista armed opposition has become an effective military force and has waged an increasingly successful and widespread campaign of attacks, ambushes, and sabotage, although it is still not operating in the core Pacific lowlands. In their principal areas of operation in northern and central Nicaragua, the insurgents in the last year sustained a large force presence—between 10,000 and 14,000 men—and have maintained the tactical initiative. Their improved performance has increased the regime's casualties and economic costs and clearly stretched the capabilities of its armed forces. Combat action last year increased by 40 percent over 1986. Although the majority of insurgent-initiated actions has focused on relatively small, lightly defended objectives, recent operations have clearly demonstrated an increased insurgent capability to conduct occasional large-scale operations against militarily important targets. ☐

10. Despite a concerted Sandinista psychological warfare effort, insurgent morale and cohesiveness remained sound through 1987. Few combatants have accepted amnesty from the government, and there currently are no indications of large numbers of fighters abandoning the struggle. The insurgents appear to enjoy considerable popular support in central and northern Nicaragua. They have begun giving greater emphasis to small-scale civic action, and there

are increasing reports that they are able to count on at least some of the rural population for active assistance in the form of food, medical support, and intelligence on Sandinista troop movements. ☐

11. Despite these gains, insurgent recruitments have only managed to keep pace with losses, and the insurgency remains confined largely to rural areas of the country. The insurgents apparently are attempting to establish internal front cells outside their normal areas of operation, but they have been largely unsuccessful in the face of the government's strong countermeasures. ☐

12. The insurgents remain highly dependent on external logistic support and an increasingly tenuous aerial resupply system. Sandinista air defense capabilities are posing a growing threat to the latter and are adversely affecting insurgent capabilities. Operations security by insurgent ground forces in preparation for resupply drops also remains inadequate and was a factor in the January shootdown of an insurgent DC-6 aircraft in southern Nicaragua. ☐

13. Without aerial resupply, the insurgents will have to rely on a still embryonic overland network and caches inside Nicaragua. They probably have adequate ammunition to sustain a reduced level of operations in the coming months, but access to food stocks in country is far less certain. The insurgents' viability will largely depend on Tegucigalpa's willingness to allow them to expand their logistic infrastructure along the border and to return to Honduras, at least periodically, to refit and replenish supplies. ☐

14. Even under favorable local conditions, but lacking a renewal of lethal aid from the United States, the insurgents will be forced to adopt a more defensive strategy. This will permit the Sandinistas to regain the tactical initiative and operate with greater impunity against insurgent units. Logistic and associated security functions will tie down perhaps a third or more of the insurgent force and will decisively lessen its offensive capability. Transporting supplies to units in central Nicaragua—where the insurgents enjoy their greatest success—will be extremely difficult and may require a pullback of those forces to shorten supply lines. Doubts about the insurgency's long-term viability will almost certainly increase and result in less popular support. The ability to recruit will be diminished both by more limited areas of operation and popular perceptions, resulting in a gradual erosion of strength even under favorable local conditions. ☐

15. Attacks on government supply depots would help alleviate shortfalls, but will be more difficult to

The Honduran Lifeline

For at least the next several months, Honduran sanctuary is the key to maintaining the Nicaraguan insurgency as an effective fighting force. If Honduras is used as a resupply base, then the Nicaraguan Resistance can probably maintain itself—even absent any further US Congressional action—as a viable combatant group although at substantially reduced levels. If Tegucigalpa were to deny effectively all sanctuary and support to the Resistance, the organized insurgency would almost certainly collapse, although some remnants would continue fighting in remote areas.

Since the 3 February vote against further funding, the Honduran Government has vacillated. It initially demanded that the Resistance attempt to go it alone without any use of Honduran territory. More recently, it presented a more accommodating policy in which there would be further cooperation in exchange for a signal—undefined by Tegucigalpa—of continued US Government involvement and ultimate responsibility.

Simply put, the bottom line for Honduras is to avoid being left holding the bag as:

- The last ally of a US Government policy that ends in failure, leaving it isolated diplomatically and politically in Latin America.
- The primary target of a resurgent Sandinista government that, freed from its concentration on the insurgency, would use its military power and subversive network to undermine the Azcona administration.

- The ultimate sanctuary for an insurgent-associated refugee flow that could number in the tens of thousands. This would overwhelm its legal, military, and economic resources, resulting in a tremendous domestic backlash against incumbent civilian and military leaders.

The Hondurans are boxed in by their past policy choices. Thus, despite periodic bouts of unease and dissatisfaction with US policies that have led to pressures against the Resistance and the demands of Washington, Tegucigalpa's self-interest—to maintain the Resistance as a buffer against Managua and avoid the chaos that might result from its rapid dissolution—has won out.

The margin for Honduran acceptance of any formula, however, has grown razor thin. Major military figures have now firmly staked out positions opposed to continued Honduran involvement in the insurgency program. Honduran acquiescence from this point forward will be subject to quick reversal and depend on its monitoring of the field situation in Nicaragua and its reading—frequently flawed—of the political winds in Washington. Other factors influencing Tegucigalpa will be Nicaragua's success in using verification mechanisms as effective pressure and whether the other Central American democracies—Guatemala, El Salvador, and Costa Rica—give it some form of support for its backing of the Nicaraguan insurgents.

Insurgent command and control, unity, and discipline will be sorely tested as tactical commanders compete for scarce resources in the face of heavy military pressure. If casualties mount and there is no prospect of renewed aid, some commanders will abandon the struggle.

16. Without renewed lethal deliveries, insurgent strength almost certainly will erode, with the pace affected most substantially by action on humanitarian aid and the stance of the Hondurans. The largest insurgent faction, the Nicaraguan Resistance Army—North, currently claims a total strength of nearly 17,000, 12,000 of whom reportedly are inside Nicaragua.

A review of delivery rates, however, indicates that the number of its effective combatants—those properly outfitted and armed and able to operate on a continuous basis—is lower, perhaps averaging some 8,000 to 9,000 over the last six months. Without renewed lethal assistance, we expect this number will drop to some 5,000 to 6,000 over the next several months, reflecting both the insurgents' tactical need to conserve resources as well as its hardcore supporters.

17. Moreover, we see little prospect that the northern group will be able to continue to supply the smaller, less effective guerrilla factions in southern Nicaragua and along the indigenous areas of the Atlantic coast. Without such support, we expect the southern group of some 1,800 men to cease to function. The coastal Indian groups will splinter even

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further—one of the Indian leaders from the coast reached a tentative cease-fire agreement with the government in February—and only a few small bands are likely to survive from its present effective strength of about 500. []

18. In the absence of lethal or humanitarian aid, the decline to a 5,000- to 6,000-man force level in Nicaragua would be more rapid. Should Tegucigalpa at the same time effectively pressure the insurgents to end their use of Honduran territory, then force levels would probably dwindle to 3,000 effective combatants within three months. Even under this adverse scenario, insurgent numbers might run as high as 5,000, and the drawdown might extend over six months if the insurgents have cached large amounts of materiel inside Nicaragua, an unlikely circumstance, but one which we have insufficient data to evaluate. []

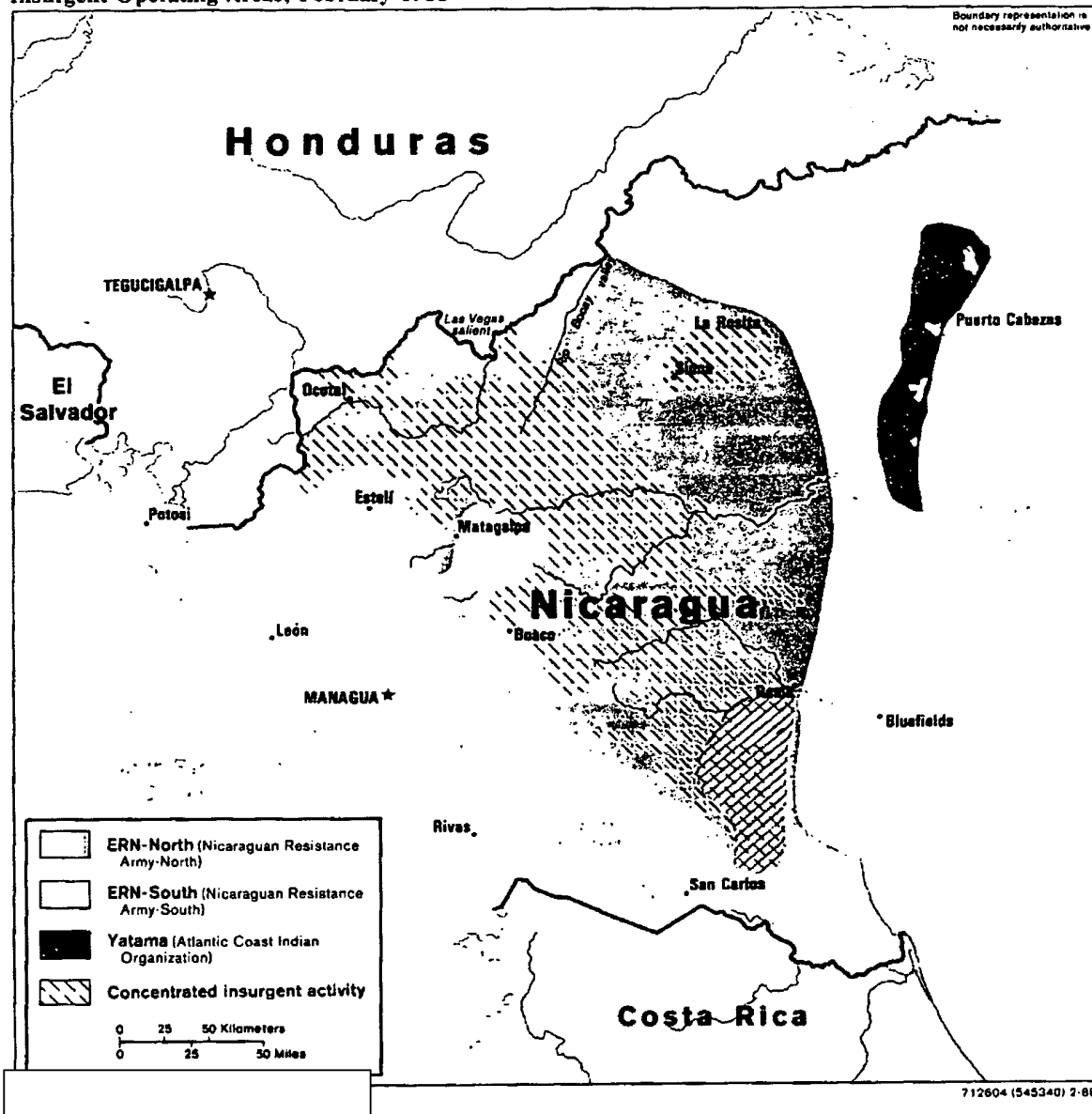
19. Maintaining unity will be a formidable challenge for the Nicaraguan Resistance, which was established in May 1987 as the preeminent political body of the insurgent movement. The expanded Resistance Directorate has been more cohesive and representative than its predecessor organization, and its members have avoided open splits over major issues. They have expanded ties to regional leaders and internal opposi-

tion figures, although they have yet to attract broad grassroots backing inside Nicaragua. []

20. The cutoff of aid threatens the cohesiveness of the directorate, which will be read as a measure of the political and long-term viability of the entire Resistance. In planning their strategy for cease-fire talks with the Sandinistas, the more moderate directors will be likely to push for increasing accommodation with the Nicaraguan Government as funds begin to dry up, and they may now even consider returning to Managua. Alfonso Robelo, who withdrew from the directorate in January, has been quoted [] as considering a return to Nicaragua, and Aristides Sanchez recently broached the possibility of completely abandoning the armed struggle. Because two key directors—Adolfo Calero and Alfredo Cesar—represent distinct viewpoints, arguments in negotiating strategy are likely to intensify and could threaten the balance of the directorate. We believe the directors will work toward maintaining unity in the short term, but the pressures promoting disunity will gradually intensify. Defections at this level will not ipso facto result in massive troop desertions, but would be a contributing factor in prompting commanders to reassess their allegiance. []

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Figure 1
Insurgent Operating Areas, February 1988



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Figure 3
Nicaragua: Insurgent Activity by Type.
October 1986 - December 1987

Percent

Sabotage 6
Attacks 9
Meeting
engagements
54
Ambushes 31

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Compounding Economic Problems

21. The impact of the war—combined with the Sandinistas' internal mismanagement—kept the economy on a bare survival footing last year, and the apparently accelerating downturn will continue to defy solution. []

[] per capita GDP fell by more than 5 percent in 1987, reducing overall economic activity to more than one-third below prerevolutionary levels. Combined with real income losses in earlier years, the average Nicaraguan's purchasing power is now less than half its 1977 level. Inflation skyrocketed in the final months of 1987, soaring to an annual rate of 13,000 percent during the quarter ending in January 1988. Inflation drove real wages for salaried employees to just 6 percent of their 1980 level by December 1987, forcing the vast majority of Nicaraguans to trade in the black market for basic goods. The war also forced the regime to curtail politically beneficial development projects, and to redirect virtually all public investment toward the military infrastructure. []

22. Shortages of raw materials and other producer inputs intensified during 1987. In particular, critical fuel shortages in recent months—caused primarily by a large increase in military consumption—have forced factories to close and hampered the harvesting and processing of this year's export crops. The US Embassy reports that a lack of pesticides and fertilizers has dramatically reduced many crop yields. A power crisis caused by fuel oil shortages, drought, and disabled equipment added to production problems. []

The Sandinista Reform Effort

23. In May, the Sandinistas began lifting some controls on the distribution of consumer goods in an effort to ease shortages. Producer prices were periodically increased throughout the year and some restrictions on farmers and manufacturers were eased. Nevertheless, many private producers still complain publicly that the Sandinistas maintain a monopoly on economic decision making. According to the US Embassy, several private-sector leaders—suspicious that the regime had initiated a divide-and-conquer approach—turned down lucrative offers by the government to reestablish private cotton farms. []

24. In mid-February 1988, the regime instituted its most sweeping economic reforms in several years in an effort to slow inflation and restore some of the consumers' lost purchasing power. The reforms included the issuance of a new currency, creation of a single exchange rate for all imports and exports, and a five-

Pro-Sandinista Organizations

Sandinista National Liberation Party

- Membership estimated at 20,000 to 30,000.
- Prerequisite for preferential access to jobs, schooling, government services.
- Membership confers economic privileges.
- Holds 61 of 96 seats in National Assembly.

Sandinista Defense Committees

- Organized nationwide.
- Neighborhood block committees modeled on Cuban Committees for Defense of the Revolution
- Used to surveil, control, and mobilize population.

Sandinista Youth

- Membership composed of party activists in teens, twenties, and thirties.
- Hardcore source of support for regime; mobilized for progovernment demonstrations and mobs.

Confederation of Sandinista Workers

- Main instrument of worker control and mobilization.
- Membership unknown, but includes all government workers, employees of parastatals, as well as many private-sector workers.

Association of Nicaraguan Women

- Regime front; ostensibly nonpolitical.
- President Lea Guido is a party activist and member of Borge faction.

Coordinator of Nicaraguan Professional Associations—Heroes and Martyrs

- Membership about 15,000 to 18,000; composed of most government professional and university employees.
- Not officially an organ of the ruling party, but is a front; sole "independent" activity advocacy of higher professional salaries and exemption from official wage scales.

[]
fold increase in average wages. The government retains nearly all its controls over the economy, however, and did not take actions to reduce the deficit, the key to controlling inflation. According to press reports, black markets sprang up almost immediately after the latest reforms were decreed, and dollars were selling at 10 times the official rate. []

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Deteriorating Foreign Sector

25. Preliminary data suggest that hard currency export earnings probably declined last year. Rapidly expanding trade ties to the Soviet Bloc—which last year absorbed 40 percent of Nicaragua's exports—and the Sandinistas' increasing tendency to finance imports by preselling exports are responsible for reduced cash earnings. Soviet Bloc countries, instead of paying cash, have been applying Nicaraguan exports as partial payment for their economic assistance to Managua.

Foreign Economic Assistance

26. The economy depends on substantial Communist Bloc assistance. Preliminary figures indicate that economic aid from the Soviet Bloc declined slightly last year, but still exceeded Nicaraguan export revenues and aid from all other sources combined. Managua undoubtedly was disappointed that the USSR did not increase aid in 1987. In January 1988, Moscow signed an economic assistance package to provide Managua with at least \$300 million per year in aid during the period 1988-90. Nevertheless,

Moscow has grown increasingly impatient with Sandinista economic mismanagement and is demanding more accountability.

27. Economic assistance from Western sources has remained fairly stagnant with increasing aid from the Scandinavian countries offsetting declining disbursements from others. Sweden, Norway, and Finland increased aid last year and now account for more than half of all bilateral assistance from the Organization for Economic Cooperation and Development (OECD). Press reports indicate that several countries—including West Germany and France—are considering reinitiating aid programs with the Sandinistas, pending the outcome of the Central American peace talks.

Impact of the US Embargo

28. Over the past year, the US trade embargo has taken an increasing toll on Nicaragua's capital equipment—especially its electricity generators—while direct trade losses have declined slightly. Embargo-induced trade losses fell to roughly \$36 million in 1987 because the regime has become increasingly successful at finding new markets and circumventing the sanc-

Nicaragua: Direct Costs of US Sanctions

Million US \$

	1985 *	1986	1987
Total	34	44	36
Export Losses	20	28	21
Beef	5	9	5
Sugar	7	4	4
Bananas	3	8	7
Airline	2	3	3
Seafood	2	3	1
Tobacco	1	1	1
Import Losses	14	16	15
Machinery and chemicals	10	12	11
Other	4	4	4

* Embargo phased in beginning 7 May 1985; costs are estimated net foreign exchange losses.

tions. Most of the country's largely US-made equipment, already rundown from a lack of investment and misuse, is teetering from a shortage of spare parts. Electrical generators are failing increasingly and as a result are causing blackouts, rationing, widespread factory closures, and lost wages.

No Solution in Prospect

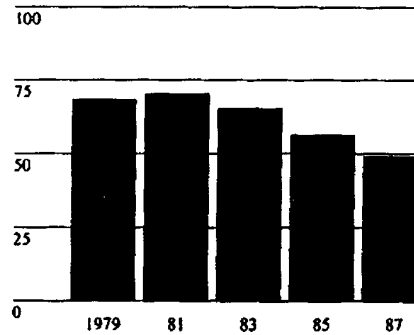
29. The recent reforms, at best, will have only a short-term impact. The Nicaraguan economy almost certainly will continue to decline for the next quarter—and the rest of the year, even if the Sandinistas take the unlikely step of trying to implement structural economic reforms. Deteriorated infrastructure and years of regime mismanagement have devastated the country's capacity to produce. Lack of public confidence in the recent reforms and Managua's failure to address the root causes of the country's economic problems will mean a relatively quick return to very high levels of inflation. Worsening consumer shortages will fuel public discontent and could lead to more support for opposition groups, including the Resistance.

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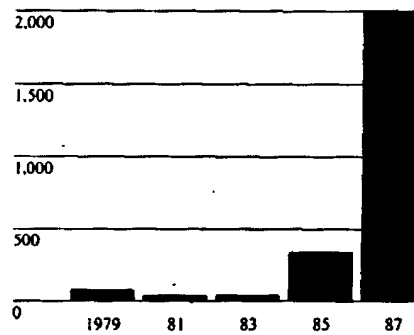
Figure 5
Nicaragua: Economic Indicators

Note scale change

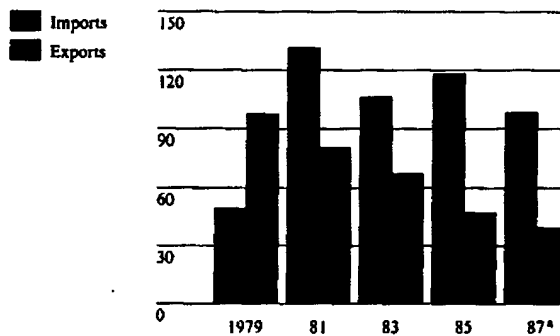
Per Capita Income
Index: 1977=100



Consumer Price Inflation
Percent



Export-Import Volumes
Index: 1977=100



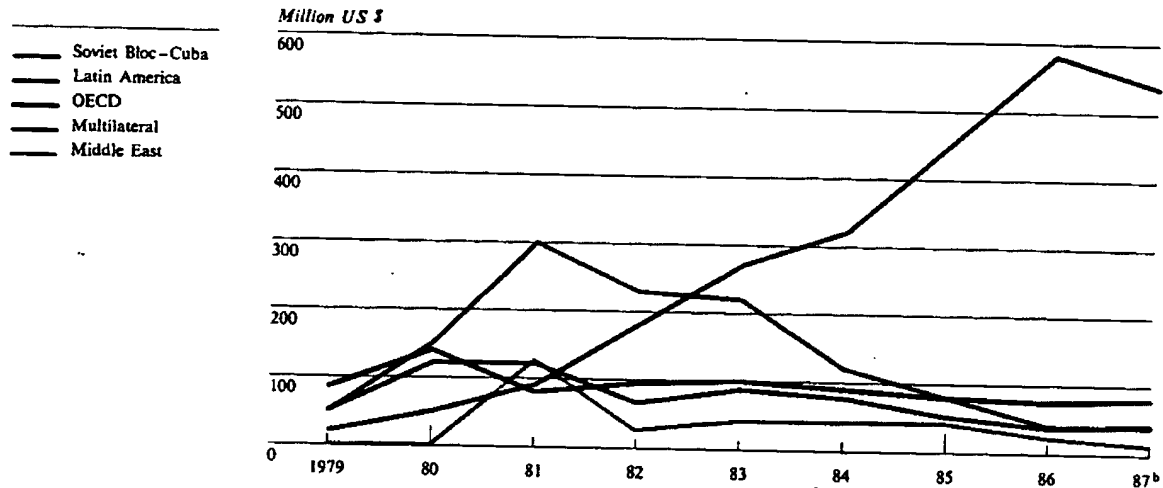
* Preliminary.

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Figure 6
Nicaragua: Annual Economic Assistance
by Major Source, 1979-87^a



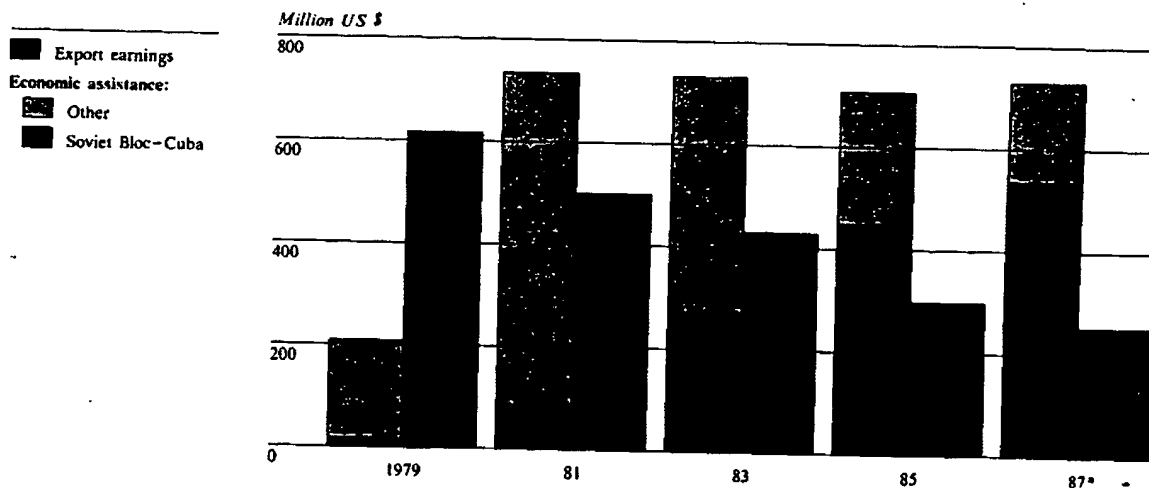
^a Does not include aid from private and other minor donors.

^b 1987 figures are estimated.

	1979	80	81	82	83	84	85	86	87 ^b
Soviet Bloc-Cuba	20	50	90	180	270	320	450	580	535
Latin America	50	150	300	230	220	120	80	40	40
OECD	85	140	80	95	100	90	80	75	80
Multilateral	50	120	120	65	86	75	50	35	40
Middle East	0	0	125	25	40	40	40	20	10

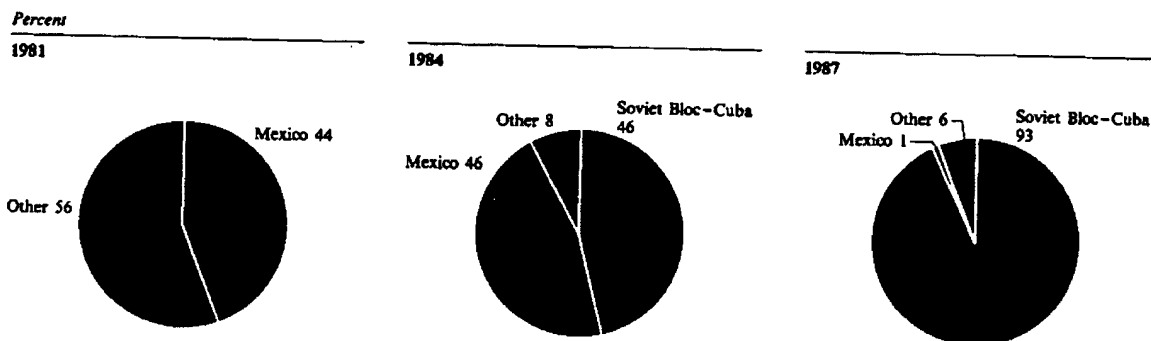
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Figure 7
Nicaragua: Export Earnings and Foreign Economic Assistance



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Figure 8
Nicaragua: Petroleum Sources



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The Nicaraguan Political Scene

The Sandinistas

30. The Sandinista Directorate has remained remarkably cohesive despite the stress caused by the war and the economic disaster. The Ortega brothers and the "pragmatic" wing of the party associated with them have incrementally asserted their dominance over the "hardline" elements grouped around Interior Minister Tomas Borge. For example, the Jaime Wheelock faction has lost independence and influence.

31. The rivalry between the Borge "hardliners" and the Ortega "pragmatists" probably reflects personal ambition more than ideological or strategic differences. The hardliners are generally less concerned with the image projected abroad and therefore are more willing to use repressive measures against domestic dissent, and they associate themselves more openly with the Soviet Bloc. Daniel Ortega has no sympathy for real political pluralism, but has recently displayed a more sophisticated sense of timing and public diplomacy and is thus more inclined to make tactical concessions that will help achieve strategic objectives.

32. There are signs that the concessions made at Esquipulas II—in particular the decision to meet with the insurgents—have aggravated these chronic differences. Even if there were no outright divergence over policy, Borge may well try to exploit Ortega's seeming "softness" toward the insurgents and remaining opposition elements as a means of reinforcing his waning strength in the party. If Ortega's moves do not result in a continued shutoff of lethal US aid, hardliners like Tomas Borge could argue persuasively that he yielded too much to the regional peace process and push for a tougher internal line. Paradoxically, an opening of political space to the opposition might enhance the role and clout of Borge's Interior Ministry fiefdom as the principal arm of internal control. We doubt, however, that Ortega will push the opening to the point of precipitating an intraparty crisis.

33. In the absence of credible polls or elections, there is no reliable means of gauging popular support for the government or membership in the Sandinista organization. It is clear nonetheless that the regime has the support of a substantial hardcore of ideologically committed loyalists, as well as of others whose allegiance is based mainly on self-interest. The lack of distinction between party and government gives the Sandinista organization, with its front groups and mass

organizations, power and influence beyond mere numerical strength. The Sandinistas have nearly two-thirds of the seats in the National Assembly, allowing it to control the legislative process without the assistance of other leftist parties and collaborationist members.

34. The regime's internal security forces also remain strong, and Sandinista leaders reportedly are confident that the Ministry of Interior apparatus will remain capable of neutralizing any effort by either the insurgents or the political opposition to develop cells or strong party structures in key urban areas. Ministry operatives continue to report arrests of alleged internal front members and have used physical and psychological coercion to extract confessions from suspects to discourage would-be dissidents from actively supporting insurgent efforts. The Sandinistas continue to expand their prison system. In the last year, five of the seven penitentiaries have undergone major expansion. Three more state security prisons, which house political prisoners, have been added to the six existing institutions, so the total number of prisons is now 16. Forced relocations of the rural population and the development of armed agricultural cooperatives are part of the regime's ongoing strategy to deny the opponents the opportunity to develop a significant social base in the countryside.

The Opposition

35. Although opposition to the Sandinistas might constitute a popular majority, its inability to make common cause continues to cripple its effectiveness and render it vulnerable to Sandinista intimidation and co-optation. Bitter personal rivalries have splintered the largest parties—the Conservatives, Social Christians, and Liberals—and have prevented any leader from emerging as a spokesman of a united opposition.

36. The major vehicle for concerted action among the nonviolent opposition, the Democratic Coordinator, has been undermined by disagreements among its members, its generally weak leadership, and the disparate aims of its members. The businessmen's association, COSEP, has provided a limited degree of organizational ability and has articulated private-sector interests, but it frequently has been at odds with Coordinator-member political parties and shares few interests with the labor components. Since late 1987, the Democratic Coordinator has improved in organizing opposition activities, and, in January, several of its leaders traveled to Guatemala for an unprecedented

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Opposition Groups in Nicaragua

The main opposition coalition—the Democratic Coordinating Board (CDN)—is composed largely of moderate and conservative political parties that boycotted the 1984 general election. Several anti-Sandinista business and labor organizations also are board members. New opposition groups outside the scope of the CDN have appeared in recent months. The so-called legal opposition is dominated by ideologically left-of-center parties but also includes several leftwing extremist groups.

Democratic Coordinating Board

Social Christian Party (PSC)

Most prominent internal opposition party. Party rocked by internal divisions, presidency claimed by two contenders. One party leader recently went into exile. Under heavy pressure from regime; local organizers inducted into Army. Has ties to Christian Democratic parties in Europe and Latin America.

Democratic Conservative Party of Nicaragua (PCN)

Was largest opposition party under former dictator Somoza. Highly factionalized, poses little threat to the regime. Breakaway faction under banner of Democratic Conservative Party (PCD) works with regime and is represented in Sandinista-dominated National Assembly.

Social Democratic Party (PSD)

Party beginning to deteriorate. Former leader recently went into exile. Has little support outside Managua.

Constitutionalist Liberal Party (PLC)

Least influential party in CDN. Untested source says party has agreed to cooperate with anti-regime faction of PCN.

Liberal Party (PALI)

Created last year by former businessman. Trying to gain allies among CDN members, particularly faction of PSC.

Superior Council of Private Enterprise (COSEP)

A private-sector umbrella group formed in 1972. Broke with FSLN in 1980 and is now opposition voice of middle- and upper-income members of the CDN.

Nicaraguan Workers Central (CTN)

Split into two factions. Largely inactive.

Confederation for Labor Unification (CUS)

Considers itself a major target of Sandinistas. Solidly structured and well-financed. Affiliated with AFL-CIO. Leaders spend little time in Nicaragua.

The Catholic Church

Not formally part of internal opposition, but leadership generally critical of Sandinistas and supportive of internal and external opposition.

* The FSLN controls 61 of 96 seats.

^b All political parties except MAP-ML are members of a multiparty bloc formed to dialogue with the FSLN under provisions of the Central American Peace Plan.

Other Anti-Sandinista Opposition Groups

Central American Unionist Party (PUCA)

Very small; inactive; cooperates with CDN, but not a member.

January 22 Movement of Mothers of Political Prisoners

Recently formed human rights group. Participated in antiregime demonstrations earlier this year. Sandinistas have increased pressure on group.

Opposition Parties in the National Assembly

Democratic Conservative Party (PCD)

(14 seats in Assembly)^a

Breakaway from main conservative party. Generally supports regime but highly critical of constitutional process. Has small anti-FSLN faction.

Independent Liberal Party (PLI)

(9 seats in Assembly)

Leadership increasingly critical of Sandinistas but includes proregime faction.

Popular Social Christian Party (PPSC)

(6 seats in Assembly)

Broadly supportive of regime in past. Party leaders may be taking more independent course.

Nicaraguan Socialist Party (PSN)

(2 seats in Assembly)

Moscow-line Communist party. party constantly fluctuates between pro-Sandinista and marginally anti-Sandinista positions.

Communist Party of Nicaragua (PCdN)

(2 seats in Assembly)

Small, ultraleftist party.

Popular Action Movement—Marxist-Leninist (MAP-ML)^b

(2 seats in Assembly)

Ultraleftist party critical of regime for moving too slowly toward Communism.

dialogue with the Resistance. The Coordinator has also cooperated with other opposition elements in forming a larger coalition—which includes radical leftist parties that consider the Sandinistas too “bourgeois”—to press for constitutional reform. []

37. The independent labor unions, especially the Confederation for Labor Unification, have become somewhat more aggressive since the Esquipulas II meeting, and have formed a coalition in hopes of benefiting from the Central American Peace Accord. Unions have made a few tentative efforts at strikes and have made some modest gains, but their overall attitude is still one of caution. []

38. The regime's virtual monopoly of the media has at least temporarily ended following the reopening of *La Prensa*—the prestigious independent daily—and Radio Catolica. Both remain heavily dependent on external financial support and are vulnerable to a variety of government pressures, including outright censorship. *La Prensa*, although it has boosted circulation, has lost some of its credibility by printing inaccurate stories and indiscriminate attacks on the Sandinistas, and it is unclear to what extent it can expand its influence beyond its present following. The Sandinistas still refuse to license any competing television stations, despite their implied commitment to do so in the Esquipulas II accord, and continue to dominate radio news—far more important than print media in reaching the general population. []

39. The Catholic Church is generally regarded as the government's most formidable opponent, and Cardinal Miguel Obando y Bravo is widely acknowledged as the de facto leader of the opposition. The church has not assumed an overtly political role, however, and its primary support for the opposition is in lending it moral authority. Moreover, past confrontations with the regime have demonstrated its vulnerability to Sandinista reprisals, and some bishops and clergy not directly subject to the Archbishop's authority sympathize in varying degrees with the regime. []

40. Obando's room to maneuver has also been limited by his acceptance of the mediator role between the Sandinistas and the insurgents. He continues to consult with the latter and with internal opposition forces, and lately has become more assertive in putting forward his own proposals. But the Cardinal is constrained by the need to avoid an overtly pro-insurgent stance in the dialogue. []

41. Although the internal opposition plans to step up protest activity, it is pessimistic about how long the opportunity will last. The US rejection of lethal aid to the insurgents may well prove a further psychological blow to the opposition, lending added substance to its fears of having to face the triumphant Sandinistas alone. The practical result is likely to be creeping accommodation and self-restraint. Most opposition leaders have never believed they could overturn the Sandinistas, and they are unlikely to become more assertive if they interpret the US posture as tending toward acceptance of Sandinista control. []

Sandinista Strategies

The Political Front

42. Managua is eager to appear in full compliance with the Peace Accord to avoid a renewal of lethal aid. At home, the regime is likely to make further political concessions for international consumption while circumscribing the opposition by less direct methods. The Sandinistas, for example, may release more political prisoners and set a date for municipal elections. In the face of international pressure, the regime may even agree to implement some of the reforms the opposition alliance has demanded—such as naming a human rights prosecutor—in hopes of luring some opposition parties back into the national dialogue. []

43. The Sandinistas want to deny the United States any pretext to resume military assistance, and they also want to build pressure for on-site verification of insurgent bases in Honduras and for limited humanitarian aid to the insurgents. The Sandinistas probably recognize they cannot afford to renege on their formal commitments in the short term and are unlikely to move against those institutions—such as *La Prensa* or the church—or individuals whose symbolic stature makes them readily visible to foreign scrutiny. They may be less fastidious about going after lower echelon or provincial opposition figures who attract less attention. They may also rely more on the informal repressive apparatus—government-controlled mobs and neighborhood committees—where official actions would be embarrassing. To protect their international image, the Sandinistas probably will continue to participate in cease-fire talks, consider additional cosmetic reforms, and solicit sympathetic countries to verify their compliance. The regime continues to exercise tight control through existing public security laws. Opposition marches, for example, still require police approval. Managua also has balked at discussing fundamental political reforms with dissidents and repeatedly has dismissed insurgents' demands to expand cease-fire talks to include political issues. Moreover, the regime continues to aid regional leftist groups while keeping a low profile to avoid detection. Overall, we believe the Sandinistas will continue to resist making significant, irreversible political concessions in dialogues with either the internal or armed opposition. []

The Military Front

44. Barring a favorable cease-fire arrangement, we expect the Sandinistas will try to step up their efforts to destroy or expel the insurgents. Over the past year,

the Sandinistas have followed a three-pronged strategy that seeks to wear down the insurgents militarily, interdict their resupply operations, and reduce the prospects for active popular support. With no cease-fire in place and insurgent forces in decline, efforts in all three areas, and especially in the first two, will now accelerate. []

45. Soviet and Cuban military assistance to the regime has remained high over the past year and has continued since the peace process began. Nonetheless, the Soviets appear to have kept direct deliveries of major weapon systems to a minimum since last August, presumably to avoid stimulating US support to the insurgents. These military deliveries have provided the Sandinistas with the wherewithal to withstand the insurgent threat while concurrently developing their conventional and reserve force structure. Although units in the field continue to complain of spot shortages of fuel and munitions, the military establishment is generally well equipped and continues to enjoy firepower superiority over the insurgents. []

Sandinista Ground Force Structure

Conventional Defense Forces:

- 2 tank brigades
 - 4 tank battalions
 - 4 mechanized infantry battalions
- 2 infantry brigades
 - 2 tank battalions
 - 6 infantry battalions
- 1 artillery brigade
 - 1 group, BM-21 rocket launchers
 - 3 groups, 152-mm howitzers
- 8 regional artillery groups

- 11 reserve brigades
- 6 militia brigades

Counterinsurgency Forces:

- 12 irregular warfare battalions
- 2 frontier brigades
- 17 light hunter battalions
- 49 permanent territorial companies
- 12 support bases

- 20 reserve/militia brigades *

* These brigades are not full-time active duty. Brigade headquarters are responsible for exercising command and control over a designated area, and may have none or several reserve or militia battalions under its supervision at any given time.

46. Forced conscription and mobilizations of reserve and militia elements give the government a large military manpower pool superior to that of the insurgents. The regime, however, has not been able to develop an adequate force ratio relative to the insurgents to defeat them. The regime continues to fear a US invasion and is reluctant to draw down its conventional force structure in order to support the counterinsurgency effort. Faced with more sophisticated and successful attacks, the Sandinistas are attempting to draw more heavily on the large urban population on the western coast to meet their expanding manpower needs. However, they are having to rely more on oppressive tactics to meet their mobilization goals and are encountering increasing resentment and resistance from the population. Morale, desertion, and discipline problems persist throughout the military and are adversely, but not decisively, affecting operations. []

47. In the field, Sandinista forces have continued to rely on large multibattalion sweeps to keep the insurgents on the move and to force them to expend supplies. However, even the Army's best counterinsurgency units are increasingly reluctant to close with the insurgents or pursue them without committed artillery or close air support. Combat losses of helicopters have exceeded deliveries over the past year and have caused the Air Force to become more cautious. The Soviets are attempting to increase helicopter survivability by providing new countermeasures equipment and may be advising pilots on improved tactics. The regime also has attempted to compensate by using AN-26 transport aircraft—with little success—in a bombing role. Despite these efforts, the Sandinistas' mobility and combat air support capabilities have declined and in recent months have slowed the pace of offensive counterinsurgency operations. Nevertheless, the Army remains capable of dispatching reinforcements to besieged areas in sufficient time to prevent the insurgents from holding their objectives for extended periods. []

48. Acquisition and deployment of additional radar systems and new air defense weapons are improving the military's ability to identify and react to insurgent aerial resupply operations. The insurgent destruction of the radar facilities at Siuna in December 1987 decreased the regime's overlapping coverage but did not decisively impair its overall capabilities. The Air Force has developed a basic ground-controlled intercept capability and has used this to vector armed transports in pursuit of insurgent resupply flights. The movement of all 36 of the regime's radar-directed air

defense guns to northern Nicaragua has forced the insurgents to forego use of their forward drop zones in the north-central part of Nicaragua and may have contributed to a reduction in the intensity of insurgent operations in that area. Counterinsurgency forces, possibly equipped with the latest Soviet shoulder-fired missile, the SA-16 Igla, shot down an insurgent DC-6 in the south in January, and similar teams are now deployed in increased numbers near the insurgents' principal drop area in the northern part of Nicaragua. Insurgent pilots continue to fly but are reporting growing numbers of near misses from Sandinista missile and ground fire. []

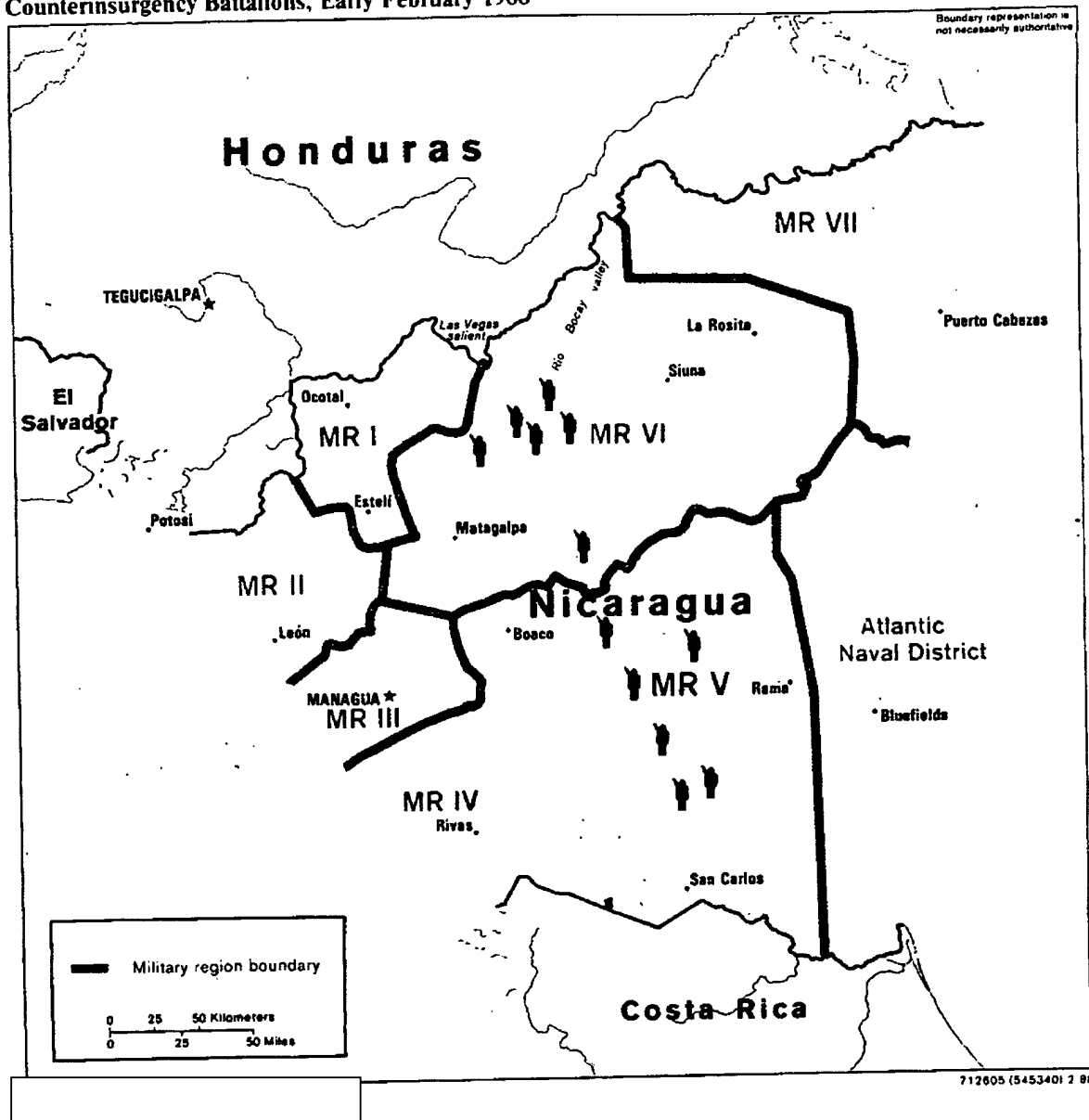
49. We expect the Army will increase its effort to push insurgent forces in the north further up the Rio Bocay valley and will seek to interdict potential overland resupply routes to insurgent units in central Nicaragua. The Sandinistas also will undertake concerted psychological operations to weaken insurgent resolve and undercut their popular support. Should a cease-fire be established, we believe the military will attempt to place its forces to monitor and control insurgent resupply and to be in position to resume offensive operations, should developments run counter to the regime's interests. []

50. Prospects will grow for increased Sandinista reconnaissance and small-scale, cross-border operations. The military has continued such tactical activity to collect intelligence and to position missile teams to interdict insurgent aircraft. The pace of these operations has declined since November when the insurgents moved the majority of their forward base operations and personnel from the Las Vegas salient to the more remote northern Bocay area. With insurgent forces beginning to seek refuge in the salient area again, we expect the number of these reconnaissance operations will increase. []

51. There are currently no indications the regime is planning to resume large-scale operations into Honduras. Last August, the military did move artillery elements forward toward the border in a manner that presaged previous incursions, but these forces were withdrawn after the insurgents abandoned the salient area. We expect the Sandinistas will want to avoid actions that would risk provoking Washington or Tegucigalpa to take action favorable to the insurgents. Chances for a large-scale operation would grow, however, should the insurgents receive new funding or succeed in establishing support bases and overland supply routes in the border area. Chances would be greatest if the insurgents set up such bases in an area like the salient, where the road network on the Nicaraguan side of the border facilitates the regime's ability to move and logistically sustain its forces. []

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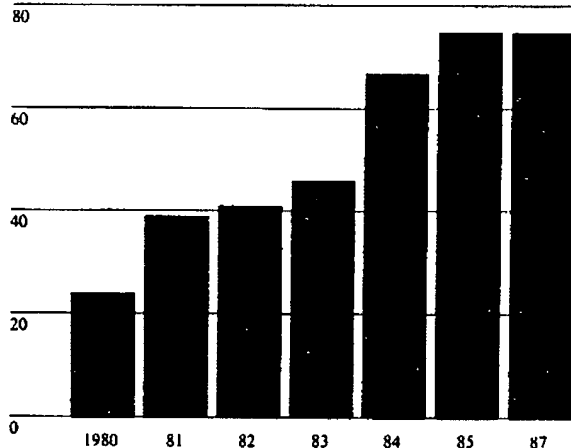
Figure 9
Counterinsurgency Battalions, Early February 1988



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Figure 10
Sandinista Active Duty Force Strength,
1980-87

Thousand



Note: Over the past two years, Sandinista reserve and militia units have assumed an increasingly important role in local defense.

1987 Nonactive Duty Personnel:

Militia 8,230-28,975

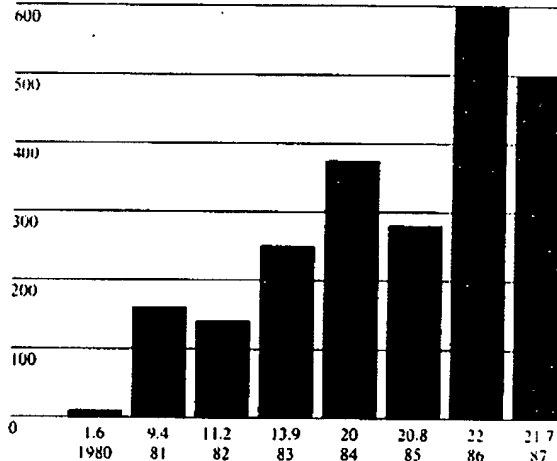
Reserves 12,480-17,550

Total Military Establishment: 95,710-121,525

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Figure 11
Nicaragua: Communist Military Aid,
1980-87^a

Million US \$

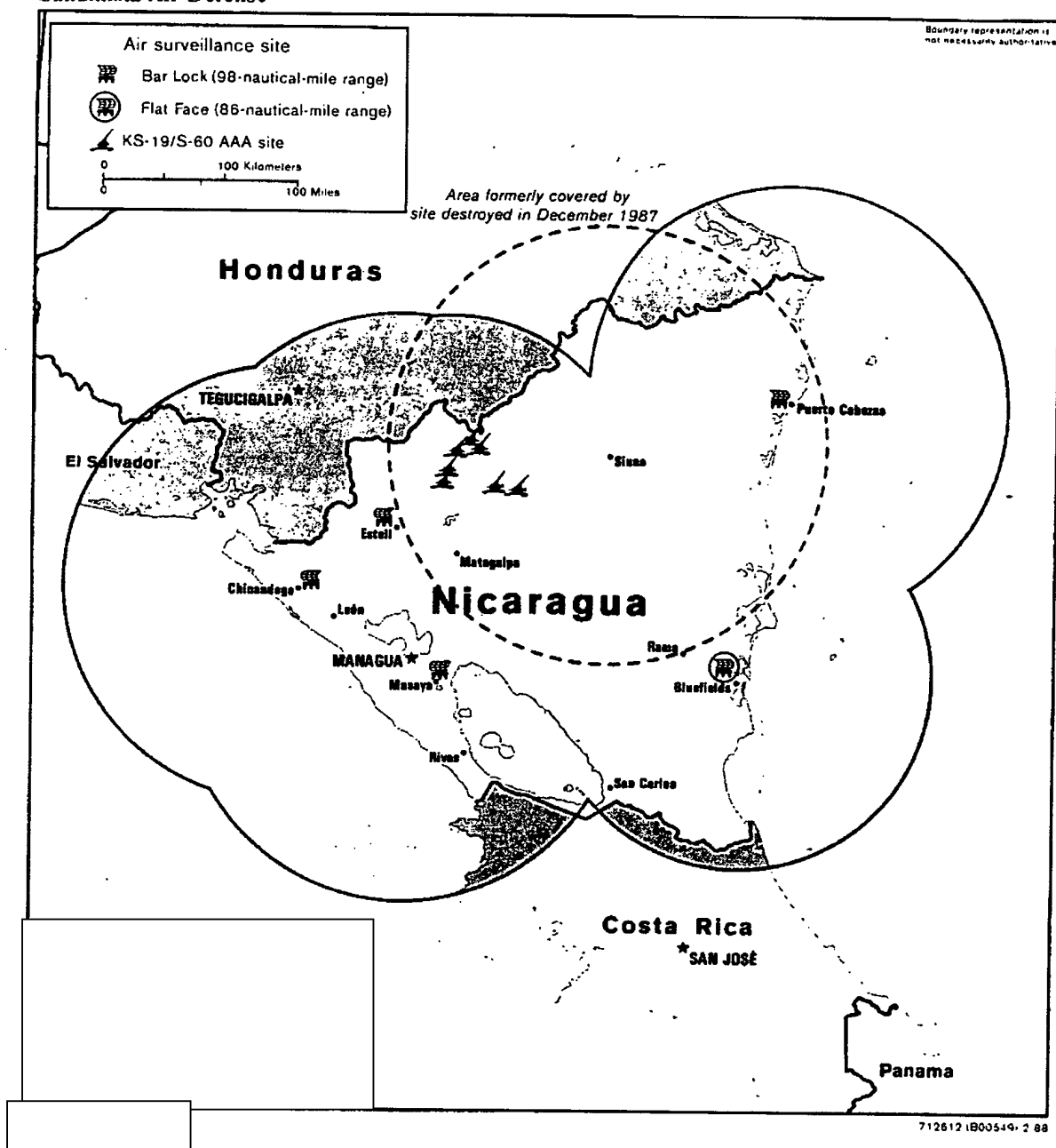


^a The figures listed below the bars indicate the amount of military aid in thousands of metric tons.

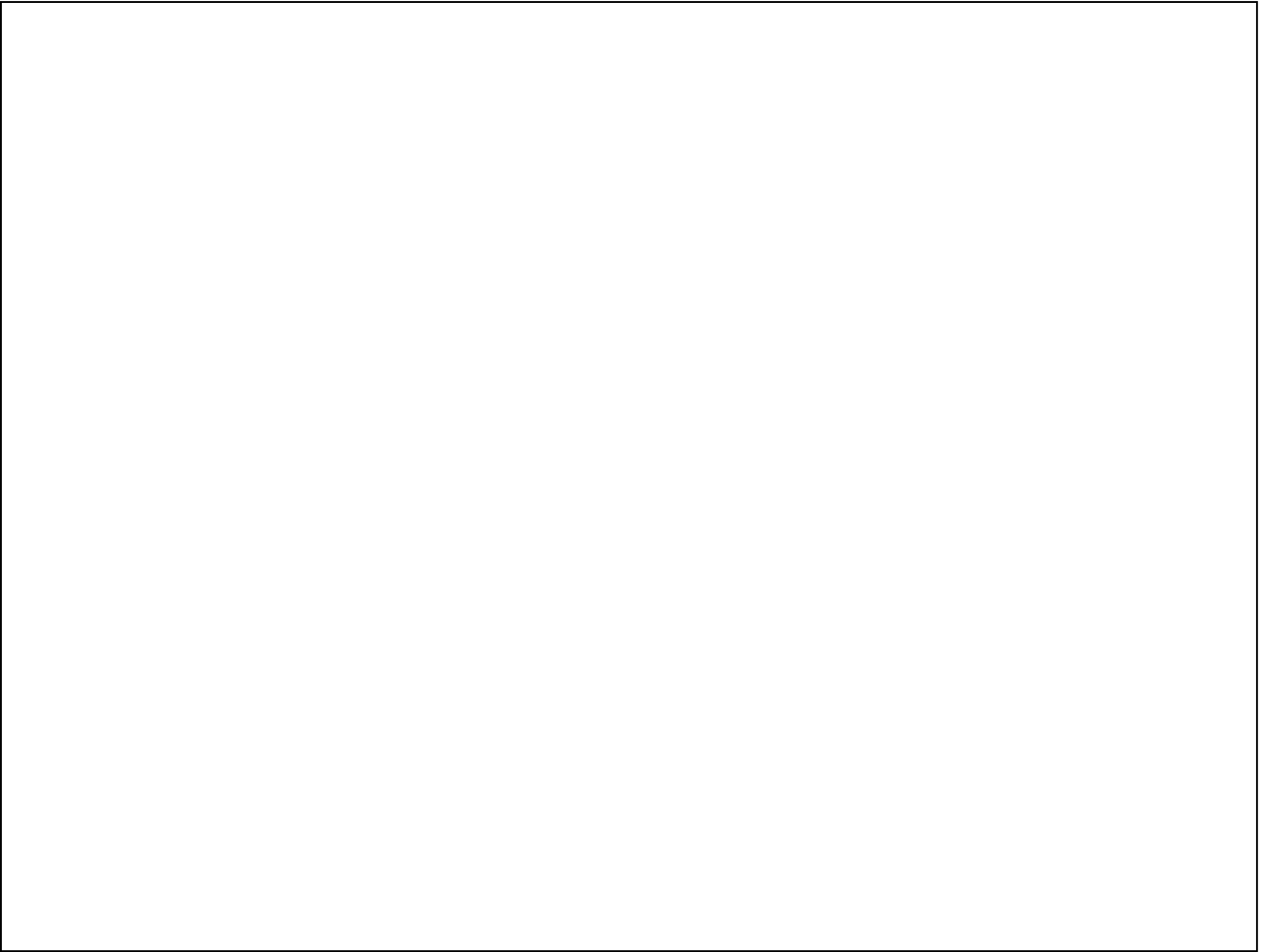
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Figure 12
Sandinista Air Defense



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The Regional Diplomatic Front

The View From Managua . . .

52. Managua probably calculates that increased pressure for on-site verification required by the Central American Peace Accord will further undermine Honduran support for the Nicaraguan insurgents and force it to seek a bilateral accommodation, as well as deflect attention from its own areas of noncompliance. The Sandinistas probably will intensify attempts to include Canada and sympathetic West European countries on inspection teams operating under the auspices of an international organization. President Ortega, who found only guarded European interest in such participation during a five-nation tour in late January, is planning a second trip to Europe in April, []

53. The regime probably will pursue cease-fire negotiations while holding to demands that essentially require the insurgents to surrender. In order to convey flexibility, Managua will continue to tie further concessions—such as an invitation for insurgent leaders to join the national dialogue to discuss political issues—to the successful conclusion of a cease-fire. The Sandinistas probably hope the insurgents will grow frustrated and renounce the talks. []

54. The Sandinistas are also likely to continue pushing for bilateral talks with the United States, although they probably have less interest in such discussions now that lethal aid to the insurgents has been cut off. Aside from demonstrating its willingness to negotiate, the regime probably would pursue direct negotiations with Washington in hopes of ending the trade embargo and obtaining economic assistance. []

55. Managua would see renewal of humanitarian assistance that was not specifically aimed at bringing insurgent combatants out of Nicaragua and winding down the war as a thinly veiled decision by Washington to continue to support the insurgency, even if there are restrictions on the deliveries of lethal assistance. The Sandinistas might suspend talks with the insurgents, and they are likely to try to increase efforts to use the Peace Accord to force Honduras to end its support for the Resistance. Domestically, we believe the Sandinistas would be unlikely to grant additional concessions to the opposition, but they probably would hesitate to use the aid as a pretext for a rollback of all political reforms. In our view, internal policy debates over how to react to a humanitarian aid package would exacerbate tensions within the Sandinista Directorate. []

. . . And From the Region

56. The four Central American democracies—Honduras, El Salvador, Guatemala, and Costa Rica—have lacked a clear and coordinated strategy to counter Managua's well-orchestrated diplomatic initiatives and to focus international attention on Nicaragua's failure to democratize. Indeed, the Sandinistas' concessions probably have been more successful in placing their neighbors on the defensive. The Presidents of the four democratic nations have even acknowledged they lacked a clear picture of how the peace process would evolve when they signed the agreement last August because it provided only a general framework for a final settlement. []

57. The disarray among the democracies has been heightened by domestic tensions arising from their own efforts to comply with the Peace Accord. The Hondurans, for example, are grappling with the Nicaraguan insurgent presence, which is a major vulnerability, and El Salvador believes it cannot give strong backing to the anti-Sandinistas without undermining its position relative to its own insurgency. Guatemala clearly does not want to jeopardize the gains of two years of "active neutrality"—including greatly increased international prestige and promises of European and Mexican aid—by harshly criticizing Nicaragua. Costa Rican President Arias is the least vulnerable among the democratic leaders, but he has opposed insurgent military pressure on Nicaragua and believes that Managua should be given reasonable time to democratize. []

58. We see little likelihood that the democracies will be able to set aside the domestic problems posed by the Peace Accord any time soon. Their willingness to step up pressure on Nicaragua at the January summit in San Jose, for example, probably reflected the influence of US diplomacy, pressure from their own militaries, and outrage at the biased report of the International Verification and Followup Commission rather than any coherent strategy. The Presidents demanded immediate and total compliance with commitments to democratization in language that was clearly aimed at Managua but set no follow-on deadlines. They also directed that the Central American Foreign Ministers assume principal responsibility for verification, in effect abolishing the International Verification and Followup Commissions. Although the democracies looked on the US Congressional vote to cut off aid to the anti-Sandinistas as depriving Nicaragua of an excuse for noncompliance, they did not take advantage of the Central American Foreign Ministers meeting in mid-February to criticize Nicaragua publicly. []

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59. In our view, the lack of coordination will also be felt as the democracies work to develop a joint position on verification and arms control. Although they appeared determined initially to retain control of the verification process, they have been reluctant to condemn Nicaragua's attempt to circumvent the summit agreement by organizing unilateral international veri-

fication. Recently, there have been signs some of the democracies may be more accommodating to international verification proposals. The democracies also are ill prepared for discussions on security issues—which the Contadora countries will mediate—and their previous proposals did not require any Nicaraguan disarmament.

ANNEX A

A Look at the Regional Peace Talks

The Central American Peace Plan Framework,
Signed 7 August 1987

Cease-Fire

- Takes place in 90 days.
- "Within constitutional framework."
- No provision for direct talks with insurgents.

External Aid to Insurgents

- Governments will request cutoff of aid to irregular forces to take place in 90 days; permits aid for repatriation or relocation.
- Governments will request insurgents to refrain from receiving aid.
- Governments reiterate pledges to prevent their territory from being used by insurgents and to refrain from giving or permitting military logistic support for those "who try to destabilize" the Central American governments.

Amnesty

- Takes place in 90 days.
- Insurgents must release their prisoners simultaneously.

National Reconciliation Commission

- To be formed within 20 days from signature.
- Purpose is to verify fulfillment of pledges on amnesty, cease-fire, democratization, and elections.
- Composition: one member and one alternate from government, church, opposition parties, and leading citizens; government chooses church and opposition members from lists they provide.

Democratization

- Takes place in 90 days.
- "Broad, democratic, and pluralist systems," but each nation has right to choose economic and political system without foreign interference.
- Complete liberty for television, radio, and press; no prior censorship; all ideological groups may own and operate news media; full access to media for political groups.
- All political organizations have right to organize and hold public demonstrations.
- End state of seige/emergency.

Free Elections

- "Once the conditions that characterize a democracy have been established," the governments must establish free elections.
- Central American Parliament elections by July 1988; OAS, UN, and (unidentified) third states to observe.
- Municipal, legislative, and presidential elections to be overseen by international observers; schedule in accordance with current constitutions.

Arms Control Talks

- Security and verification agreements to be negotiated with Contadora mediation; talks to include measures to disarm insurgents.
- (No date for termination of negotiations.)

Refugees

- Governments pledge to protect and aid; facilitate repatriation.

Development

- Governments pledge to reach accords to expedite development; joint negotiations for international aid.

International Verification

- Purpose is to verify and follow up on provisions of document, including reconciliation.
- Membership: OAS and UN Secretary General; Central American, Contadora, and support group foreign ministers.
- Will analyze progress within 120 days.
- Central American presidents to meet within 150 days.

Other

- Accord is a presidential agreement, not a treaty; no provision for legislative ratification.
- Agreement is open ended.
- No sanctions for violations of agreement.

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Key Results of the San Jose Summit, 15-16 January 1988

Democratization: Presidents demand immediate and total compliance with commitments to dialogue, cease-fire talks, general amnesty, and democratization. These include the lifting of any state of emergency, total freedom of the press, political pluralism, and the dismantling of special tribunals. The final communique thus rejects Managua's previous attempts to condition compliance on the verified end of US aid to the insurgents.

Aid to the Insurgents: Honduran obligation to end aid to the anti-Sandinista insurgents is implicit in demand for full compliance with peace commitments, but is given secondary importance. There is no criticism of US aid to the Nicaraguan guerrillas or joint appeals to the United States to respect the agreement.

Verification: Central American Foreign Ministers will review the report of the International Verification Commission and replace the commission as the principal body for verification. No progress is made on creating a border-monitoring force, but summit participants agree to request outside technical help for the Foreign Ministers.

Central American Parliament: Importance of the parliament underscored, but no timetable announced for elections.

Next Summit Meeting: No dates are given for review of compliance with summit commitments.

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Chronology of Nicaraguan Cease-Fire and Verification Proposals

19 September 1987

Nicaragua presents detailed proposal for creation of political and security committees at the meeting in Managua of the International Verification Commission.

22 September 1987

The Nicaraguan Government announces a troop pullback from certain zones to permit cease-fires with local guerrilla commanders. Within three weeks, the government sets up some 200 local and regional peace committees to encourage guerrillas to accept amnesty. Meanwhile, the Sandinistas maintain their opposition to meeting with the insurgent leadership.

5 November 1987

On the day of the deadline for complying with the democratization and cease-fire provisions of the peace agreement, President Ortega announces he will agree to indirect cease-fire talks with the insurgents through an intermediary.

13 November 1987

Nicaragua announces an 11-point cease-fire plan. The Sandinistas offer to suspend offensive operations for two weeks to permit the insurgents to assemble in three zones by 5 December. The insurgents would surrender their arms by 5 January 1988 upon international verification of government compliance with peace commitments. The insurgents would be permitted humanitarian aid if delivered by an international agency.

25 November 1987

The anti-Sandinista insurgents propose a cease-fire from 8 December-17 January. At the outset, the government would be required to lift the state of emergency, decree a full amnesty, take measures to democratize, and dissolve Sandinista neighborhood committees and paramilitary security groups.

3-4 December 1987

After conducting separate talks with the government and insurgents in Santo Domingo, Cardinal Obando calls for two short cease-fires to honor a religious holiday and Christmas and for the government to make democratic reforms. The insurgents accept Obando's proposal in principle, but the Sandinistas say all US and Honduran aid to the insurgents must cease before they could accept.

21 December 1987

A second round of indirect talks in Santo Domingo is suspended when the insurgents refuse the Sandinista demand that the insurgents meet with the government's foreign advisers. The guerrillas agree to do so only if government representatives also participate. Obando publicly endorses direct talks before the meeting.

24-25 December 1987

Both sides accept a Christmas truce and accuse the other of violating it.

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16 January 1988

President Ortega announces at the conclusion of the Central American summit that he will immediately lift the state of emergency and conduct direct talks with the insurgents. A full amnesty will be implemented after conclusion of a cease-fire agreement.

21 January 1988

Nicaragua publicizes diplomatic note to the eight Contadora countries proposing that Contadora representatives visit Managua on 27 January to verify steps taken to comply with the summit agreement.

26 January-2 February 1988

President Ortega visits Spain, Italy, Norway, and Sweden to request their participation in verification of Nicaraguan compliance with peace commitments.

28 January 1988

The Nicaraguan Government and insurgent Miskito Indian leader Brooklyn Rivera sign a communique in which they invite Canada, Costa Rica, Cuba, Denmark, Finland, Holland, Norway, and Switzerland to be witnesses to their agreement and to lend moral and material support to development on the Atlantic coast.

28-29 January 1988

At the first round of direct talks between the Sandinistas and insurgents in San Jose, the insurgents endorse the Nicaraguan internal opposition's proposal for 17 constitutional amendments and propose that the opposition participate in the talks. The insurgents propose that the negotiations be concluded within 60 days, during which time both sides would not acquire additional military supplies.

A new Sandinista plan would permit the insurgents to keep their arms for a short period until international verification of Nicaraguan compliance. It also proposes creation of an additional verification mechanism—composed of the Contadora countries and international political parties—to guarantee political rights to insurgents accepting amnesty.

18-19 February 1988

At the second round of face-to-face talks between the insurgents and the government, Cardinal Obando suspends negotiations when the government team does not immediately endorse his cease-fire proposal. The Cardinal proposes that the government grant a general amnesty, allow full freedom of expression, and reconsider forced military conscription in exchange for a 30-day truce. Insurgent negotiators accept the proposal in principle. President Ortega tacitly endorses the plan, although he says that the Sandinistas would only grant amnesty and lower recruitment levels after a cease-fire was implemented. Both sides say they are willing to reconvene at any time.

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Nicaraguan Compliance With the Central American Peace Plan

Compliance

Areas of Noncompliance

Democratization

State of siege

Nicaragua lifted the state of emergency on 18 January.

Nicaragua failed to lift all political restrictions by the date specified in the Peace Accord, 5 November. The Sandinista party newspaper accused the opposition of "abusing the political space" created by the peace agreement. In addition, in his statements to a labor group on 13 December, President Ortega indicated that the Sandinistas would not cede effective political power even if they were defeated in a free election.

Restrictions on opposition activities

The opposition is permitted to meet indoors; outdoor marches and rallies are permitted with prior government approval.

The requirement that the opposition seek permission to hold marches and rallies 72 hours in advance violates reasonable standards for freedom of assembly.

The Nicaraguan regime continues to physically harass members of opposition groups. Examples include punitive application of military conscription against oppositionists, assaults by pro-Sandinista groups on protesting mothers of political prisoners, and the arrests of opposition leaders who have met with the insurgents. In mid-November, President Ortega publicly defended the activities of Sandinista counterdemonstrators, saying they were carefully controlled and had not killed anyone. Even after the lifting of the state of emergency, Sandinista activists smashed windows at the headquarters of the opposition umbrella organization on 22 January while police stood by.

The Sandinistas have actively encouraged a pro-regime faction to take over the Independent Liberal Party, the second largest opposition party in the National Assembly.

Freedom of the press

The government permitted the opposition newspaper *La Prensa* to reopen and publish without censorship.

The government has warned *La Prensa* on several recent occasions against publishing statements of insurgent leaders, a practice that contrasts with the ability of the guerrillas in El Salvador and Guatemala to publish guerrilla communiques in the press. The Sandinistas have also attempted to intimidate *La Prensa* by accusing the newspaper of promoting violent opposition protests. Two *La Prensa* employees were briefly detained by the police and one reporter was beaten and warned against antiregime reporting in October.

Freedom of the press (continued)

The Sandinistas permitted the church radio station to reopen and—along with six other stations—to broadcast news programs without censorship. On 26 January, the government announced it would broaden press freedom, allowing several other stations to broadcast news.

President Ortega announced on 18 November that he would not approve the request of private businessmen to open a television station—arguing that many West European countries had a monopoly.

Refugees

The government has invited all exiles to return. The National Assembly repealed legislation allowing the seizure of property of those who have left the country for over six months.

The government has refused to restore property to exiles who return or reverse politically motivated confiscations.

Judicial procedures

Nicaragua abolished the anti-Somocista Popular Tribunals on 18 January.

Prisoners continue to be held incommunicado and in conditions that do not meet international standards, including recent accusations of torture. The government press has boasted that the end of the special tribunals will have little effect on processing those accused of counterrevolutionary activities. Moreover, justices on Nicaragua's Supreme Court resigned to protest government non-compliance with judicial orders.

Progovernment organizations

Sandinistas continue coercive pressures to join Sandinista mass organizations, including labor and campesino groups.

Nicaragua continues to grant quasi-governmental functions to Sandinista mass organizations, especially the Sandinista defense committees.

Government-military ties

Nicaragua says it refuses to consider ending the subordination of the Nicaraguan Army to the Sandinista party.

Free elections

Nicaragua says it will discuss with the opposition setting a date for municipal elections. Nicaragua ratified the treaty for a Central American Parliament and will accept international observers to monitor the election of delegates.

Electoral tribunal is Sandinista dominated.

National reconciliation

Nicaragua was the first Central American country to form its National Reconciliation Commission. It also established local peace commissions in late September as part of its strategy to promote a partial cease-fire, split the insurgents, and co-opt local church leaders. The government initiated a national dialogue with opposition political parties on 5 October.

Nicaraguan national dialogue talks exclude major opposition business and labor groups. Fourteen of the 15 opposition political parties walked out of the talks on 15 December 1987 to protest the Sandinista refusal to forward their joint proposal for constitutional amendments to the National Assembly. The Sandinista action will delay the implementation of amendments until at least early 1989—and probably later—since they must be approved in two consecutive legislative sessions.

Cease-fire

Nicaragua proposed an 11-point cease-fire plan 13 November, and the insurgents introduced a counterproposal 25 November. Cease-fire talks under the mediation of Cardinal Obando took place in Santo Domingo 3 and 21 December. Both sides agreed to a Christmas truce, 24-25 December, and accused the other of violating it. A third round of new talks took place 18-20 February in Guatemala.

The Peace Plan does not detail the specific obligations of the signatories, saying only that governments must carry out "all necessary actions" to achieve cease-fires permitted by their constitutions. The Presidents of the Central American democracies appeared to treat the Sandinistas' previous refusal to conduct direct talks with the insurgents as noncompliance.

On 20 January, the Sandinistas proposed that an international commission guarantee political rights after a cease-fire.

Nicaragua's unilateral invitations to Contadora and West European countries to verify Sandinista compliance circumvents an agreement at the January summit that the Central American Foreign Ministers would have principal responsibility in all verification matters.

Amnesty

Nicaragua released 985 political prisoners on 22 November. The government has said it will release all prisoners—including former National Guardsmen—upon a cease-fire. In the absence of a cease-fire, Nicaragua will release prisoners to foreign governments.

Nicaragua, unlike the democracies, has not released all political prisoners by the date specified in the Peace Accord. The Sandinistas also have not permitted international human rights groups access to state security prisons. Democratic leaders have denounced Nicaragua's latest proposal, saying the concept of exile is incompatible with full amnesty.

External aid to insurgents

Nicaragua continues to aid the Salvadoran insurgents and has made no moves to persuade them to give up armed struggle.

International verification

Nicaragua is disposed to accept international verification of all aspects of the peace agreement and has attempted to accelerate creation of an inspection mechanism.

The Sandinistas unilaterally have attempted to arrange international verification of their compliance, violating an agreement at the January summit that the Central American Foreign Ministers have principal responsibility for verification.

Arms control

Central American and Contadora representatives met in Caracas on 10 December and agreed to meet again in Panama in February.

Nicaraguan Defense Minister Ortega on 12 December confirmed Sandinista plans for a massive arms buildup, including a 600,000-man Army. Although President Ortega later said the buildup was merely a proposal contingent on US actions, Costa Rican President Arias is quoted in the press as saying it is not "in the spirit" of the Peace Accord.

ANNEX B

Sandinista Support for Subversion

Within Central America

Despite Managua's assertions to the contrary, sources of varying reliability suggest that Nicaraguan support for radical leftist and insurgent groups in the region continues. The Central American Peace Plan requires Nicaragua to end such aid, but the Sandinistas believe the other signatories—Costa Rica, El Salvador, Guatemala, and Honduras—will not be able to enforce this provision. [redacted]

El Salvador's Farabundo Marti National Liberation Front remains the chief beneficiary of Sandinista support. Sandinista leader Tomas Borge has continued to provide the Salvadoran rebels with weapons and other support—presumably ammunition. [redacted]

the Sandinistas

Table B-1
Nicaraguan Support for Guerrillas and
Radical Leftists in Central America,
January 1987–February 1988

	El Salvador	Guatemala	Honduras	Costa Rica
Military training	X	X		X
Political/ideological training	X			X
Communications facilities	X			
Weapons and ammunition	X	X		
Funds	X		X	
Transit, infiltration	X	X		X
Residences, offices	X	X	X	
Logistic support	X			
Medical support	X		X	
Funneling support from third countries	X			X

were planning to transfer 500 M-16s and 10,000 additional rifles to the insurgents as early as December 1987. [redacted]

[redacted] the Salvadoran rebels continue to maintain communications facilities in Nicaragua. Moreover, the Sandinistas provided military training late last summer and autumn—including the use of surface-to-air missiles. [redacted]

[redacted]—although they have stopped short of giving such weapons to the rebels. Nicaragua also has provided transit for Salvadoran insurgents trained in Cuba and Libya. [redacted]

Managua provided similar, albeit more limited, support to *Guatemalan* and *Honduran* leftists:

- The Sandinistas were training Guatemalan rebel leaders as late as October 1987 by assigning them to counterinsurgency battalions. [redacted] Nicaragua also continues to ship weapons to the rebels. [redacted]

- The Sandinistas continue to provide funds to a variety of Honduran leftist groups and allow them to reside in Nicaragua. [redacted]

Divisions within the *Costa Rican* radical left have caused Nicaragua to diminish its support in recent years. Past Sandinista support has included training, weapons, cash, and logistics through the Nicaraguan Embassy in San Jose. [redacted]

Since the Peace Plan was signed in August 1987, Managua has taken a number of steps—all easily reversible—to mask its support and demonstrate its compliance with the accord. Last autumn, for example, the Sandinistas declined to fill a request by Salvadoran guerillas for 1,000 AK-47 assault rifles and 500 RPG-7 rocket launchers to avoid possible U.S. detection. [redacted]

Similarly, [redacted] Managua ordered all Salvadoran rebel factions last September to centralize radio communications in a single facility under Sandinista control to make it difficult for the United States to claim that Nicaragua was violating the Peace Plan.

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[redacted] in December that the Salvadoran rebel presence in Nicaragua had been curtailed only for propaganda purposes and that the leadership would be allowed to return in the future and continue their operations as before. [redacted]

Elsewhere in Latin America

Nicaragua, working in tandem with Cuba, has been a key source of training and support for leftists

elsewhere in the hemisphere. Guerrillas and other leftists from *Argentina, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, and Uruguay* have received military training in Nicaragua. [redacted]

[redacted] Managua has also provided *Colombian* and *Peruvian* rebels with weapons and other material support, [redacted] In addition, Nicaragua facilitates contacts among Latin American leftists. [redacted]

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